

Message Text

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ORIGIN EA-14

INFO OCT-01 ISO-00 PM-07 CIAE-00 INR-10 NSAE-00 RSC-01

NSC-10 SPC-03 SAM-01 SS-20 EB-11 FEA-02 INT-08 L-03

AID-20 IGA-02 OMB-01 TRSE-00 DODE-00 COME-00 CIEP-02

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DRAFTED BY EA/LC:BDPORTER:CEJ

APPROVED BY EA/LC:LMRIVES

SA/LT:RMCCARTHY (DFT)

EA/EX:JLEVESQUE (INFO)

DOD: MR. KELLY (INFO)

CIA: MR. MURPHY (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY VIENTIANE PRIORITY

C O N F I D E N T I A L STATE 021985

E.O. 11652: GDS

TAGS: ENRG, LA, US

SUBJECT: POL SUPPORT FOR LAOS

REF: VIENTIANE 451

1. WILLIAM BIRKHEAD, ESSO EASTERN, INC., CALLED ON DEPTOFF TODAY FOR GENERAL BRIEFING POLITICAL SITUATION IN LAOS. FOLLOWING BRIEFING, HE NOTED ESSO HAD CLOSED WATTAY OPERATION LAST JULY, AND CURRENT OPERATIONS IN LAOS MINIMAL. HE SAID ESSO CURRENTLY REVIEWING WORLD-WIDE OPERATIONS WITH VIEW ELIMINATING MARGINAL OPERATIONS DUE TO REDUCED AVAILABILITY POL SUPPLY. HE INDICATED LAOS IN THIS CATEGORY. HE SAID NO FIRM DECISION ON LAOS HAD BEEN MADE, BUT THAT HE WISHED INFORM US THIS SO THAT WE QTE NOT BE SURPRISED END QTE IF SIX MONTHS OR SO FROM NOW ESSO SOLD LAOS INTERESTS.

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2. IN THIS RESPECT, HE SAID INFORMATION RECEIVED FROM ESSO

OFFICE BANGKOK INDICATED USAID WAS TERMINATING OPERATIONS IN LAOS REQUIRING POL. THIS BASED ON DISCUSSIONS USAID OFFICIALS IN BANGKOK OR VIENTIANE ON POSSIBILITY RLG AS-SUMING REMAINDER USAID CONTRACT AND SUBSEQUENTLY NEGOTIATING ONE-YEAR CONTRACT. HE SAID ALTHOUGH ESSO ASSURED USAID IT WOULD HONOR REMAINING COMMITMENT, IN HIS OPINION ESSO NOT RPT NOT INTERESTED BIDDING ON NEW CONTRACT ALTHOUGH ESTIMATED ONE THOUSAND BARRELS PER DAY MUCH MORE THAN ESSO NOW SUPPLYING.

3. DEPTOFF READ BIRKHEAD PARAS 5 AND 6 REFTEL AND BRIEFED HIM ON CONTRACTING ARRANGEMENTS CURRENTLY UNDER CONSIDERATION. HE AGREED THAT ESSO MISUNDERSTANDING THAT USAID TERMINATING LAOS OPERATIONS PROBABLY DUE TO MIS-INTERPRETATION DISCUSSIONS ON CONTRACTING. HE SAID THAT HE WOULD ATTEMPT CORRECT MISUNDERSTANDING, BUT DID NOT RPT NOT INDICATE ESSO WOULD BE INTERESTED IN BIDDING ON NEW CONTRACT ANYWAY.

4. DEPTOFF SAID PRIMARY CONCERN HERE IS INSURING CONTINUED CAPABILITY PROCURE DEPENDABLE SUPPLIES MEET LAOS NEEDS, WHICH WE ASSUMED WOULD NOT BE IMPAIRED IF ESSO DECIDED SELL OPERATIONS. HE SAID THAT HE COULD NOT SPEAK FOR SHELL, BUT THAT HE WOULD BE SURPRISED IF SHELL'S WORLD-WIDE SUPPLIES GREATER THAN ESSO'S. SHELL MAY, THEREFORE BE FACED WITH SAME PROBLEMS RE LAOS. VIENTIANE MAY WISH DISCUSS THIS OBVIOUSLY IMPORTANT SITUATION WITH ESSO AND POSSIBLY SHELL. BIRKHEAD INDICATED HE HAD NO OBJECTIONS DEPTOFF INFORMING EMBASSY SUBSTANCE TODAY'S DISCUSSION, BUT OBVIOUSLY INFORMATION SHOULD BE TREATED AS CONFIDENTIAL.

5. RESPONSE REFTEL FOLLOWS SEPTTEL. KISSINGER

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